

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

BAC1624 – MANAGEMENT ACCOUNTING 1

(All sections / Groups)

7 OCTOBER 2022
9.00 a.m. - 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **FIVE** pages, excluding the cover page.
2. Answer **ALL** questions. All questions carry equal marks, and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

QUESTION 1

HartaKaya Sdn. Bhd. manufactures sports shirts. The company uses a weighted average (WA) method to determine its costs. The production and cost data for June 2022 in the Finishing Department are as follows:

	WIP, 1 June	Started into production
Physical units (pieces)	3,000	21,000
Materials	RM300,000	RM2,100,000
Direct labour	RM140,000	RM1,000,000
Overhead	RM10,000	RM25,000

All materials are added at the beginning of the Department's process. Conversion costs are incurred uniformly throughout the Finishing process. Only 2,000 pieces of sports shirts (75% complete) remained in the Finishing Department at the end of June 2022.

Required:

- a) Prepare a full Production Cost Report for the Finishing Department for June 2022.

Show ALL workings and the necessary total costs.

(16 marks)

- b) Prepare a Work-in-Process T-account for the Finishing Department.

(4 marks)

[TOTAL 20 MARKS]

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QUESTION 2

Kingware Metal Sdn. Bhd. produces three products, J7, K8 and L9, made from the same material. The company has used the traditional costing method to allocate product overheads. However, the company is now considering an activity-based costing (ABC) system in the hope that it will improve profitability.

Information for the three products for 2021 is as follows:

	J7	K8	L9
Production and sales volume (units)	30,000	24,000	36,000
Selling price per unit	RM7.50	RM10	RM12
Raw materials usage (kg) per unit	2	4	6
Direct labour hours per unit	0.2	0.3	0.4

The price for raw materials remained constant throughout the year at RM2.40 per kg. Similarly, the direct labour cost for the whole workforce was RM27 per hour.

The annual overhead costs are based on its activity cost drivers as follows:

Activities	RM	Cost Drivers	J7	K8	L9
Machine setup	25,650	No. of setups	15,400	9,400	10,500
Machine running costs	64,600	Machine hours	82,000	132,000	102,000
Procurement costs	37,600	No. of purchase orders	125,000	270,000	401,000
Delivery costs	45,230	No. of deliveries	23,030	35,400	17,900

Required:

- a) Compute the total product cost per unit for each product using the following:
 - i) Traditional costing method (Direct Labour Hours as cost driver). (4 marks)
 - ii) Activity-based costing (ABC) method. (12 marks)

Round off all costs to two decimal places.

- b) Using your answers from a), comment on how ABC may help the company improve each product's profitability. (4 marks)

[TOTAL 20 MARKS]

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QUESTION 3

Mella Design Sdn. Bhd. manufactures and sells custom-made sofas. Below is the sales data for August 2021.

	Selling Price (RM)	Unit Variable Cost (RM)	Number of orders
Alexa	167	76.40	39
Dream	82	45.45	17
Luxor	254	103.25	24

Management would like to earn a target income of RM287,540 for September 2021. Currently, monthly fixed costs are running at RM40,230 per month.

Required:

- a) Determine the sales mix percentage of Mella Design Sdn. Bhd. based on total sales units and total sales in Ringgit Malaysia.
(3 marks)
- b) How many units of sofas (in total) would Mella Design Sdn. Bhd. need to sell to earn a net income of RM287,540 in September 2021?
Round up to the nearest whole number for the determined required units.
(7 marks)
- c) Based on your answer in b), what are the required sales units per product line?
Round up to the nearest whole number for the determined required units.
(3 marks)
- d) How much would the required sales (in RM) be for September 2021?
Round off the sales to the nearest two decimal cents.
(7 marks)

[TOTAL 20 MARKS]

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QUESTION 4

Swoosh Scopes Sdn. Bhd. manufactures optical consumer products in Klang Valley. The company is preparing the Income Statement for 2021 to evaluate the performance of its high-end microscopes product line.

Operating performance for the year 2021 is as follows:

Beginning inventory	0 units
Production	16,000 units
Sales	12,000 units

The actual price and cost data for 2021 are as follows:

Selling price	RM2,000
Direct material cost per unit	RM220
Direct labour cost per unit	RM80
Variable manufacturing overhead cost per unit	RM100
Variable marketing cost per unit sold	155
Fixed manufacturing cost (all indirect)	RM2,160,000 for 16,000 units
Fixed marketing costs	RM2,760,000

Required:

- Determine the manufacturing cost per unit of microscope produced using the absorption and variable costing methods.
(4 marks)
- Prepare income statements using the absorption and variable costing methods.
(10 marks)
- Explain the differences between net incomes generated under each method.
(6 marks)

[TOTAL 20 MARKS]

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QUESTION 5

Gemara Sdn. Bhd. employs a standard costing system for its product, Gallade. The standard selling price of Gallade is RM124 per unit. Production and sales of 7,000 units are budgeted for the year 2021. The standard manufacturing costs for 2021 are as follows:

	RM/unit
Direct materials (3.2kg x RM15.90/kg)	40.25
Direct labour (1.02 hours x RM17.60/hour)	21.50
Variable production overhead (1.02 DLH x RM10/hour)	11.85

Variable production overheads are absorbed based on direct labour hours. Fixed production overheads are budgeted at RM220,000.

Actual results for the year 2021 were as follows:

Production	6,830 units
Sales (5,640 units)	RM676,800
Direct materials purchased and used (13,670 kg)	RM273,400
Direct labour costs (8,355 hours)	RM133,680
Variable production overhead	RM73,540
Fixed production overhead	RM98,000

Required:

a) Determine the following variances:

- i) Material price variance
- ii) Material quantity variance
- iii) Total material variance
- iv) Labour price variance
- v) Labour quantity variance
- vi) Total labour variance
- vii) Total overhead variance

(14 marks)

b) Provide **THREE (3)** possible explanations for any of the variances in a).

(6 marks)

[TOTAL 20 MARKS]

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